

EXECUTIVE SUMMARY

Financial Overview

FY 2015 marks the 7th budget since the Great Recession. During the economic downturn, we were forced to make difficult budgetary choices, cutting funding to many programs that the citizens of the Commonwealth rely on. However, despite making those difficult choices, we demonstrated strong fiscal discipline, taking steps to restore our stabilization fund and ensure fiscal stability in the years ahead. It was that fiscal discipline that carried us through the recession, consistently outpacing the nation in the speed of our recovery. Now, as we look ahead to FY 2015, we must remain vigilant as we build on the progress of FY 2014 to restore necessary programs and services in Massachusetts.

The House Committee on Ways and Means FY 2015 budget proposal includes direct appropriations totaling \$36.182B. Driven by increases in non-discretionary obligations such as debt services, health care, and rate increases for human service providers, coupled with the need to make targeted investments, this budget proposal increases spending 5.0% over FY 2014. Through our commitment to restore important programs and services, this budget recommends targeted investments in local aid, substance abuse and behavioral health programs, and education.

To support this spending, the House Ways and Means budget proposal uses the FY 2015 Consensus Revenue Estimate of \$24.336B as a base, representing tax revenue growth of \$1.137B (4.9%) above projected FY 2014 collections. The Committee's budget recommendation also relies on \$14.995B of departmental revenues, federal reimbursements and operating transfers in addition to tax revenue.

This budget proposal acknowledges the importance of reducing our reliance on the stabilization fund and other one-time resources. For FY 2015, this budget proposes to draw only \$140M from the stabilization fund, marking the lowest draw in four years. Based on this, we assume an end-of-year stabilization fund balance in excess of \$1.2B. This budget also relies on \$260M in one-time revenue solutions, \$378M lower than the amount of one-time solutions included in FY 2014. Finally, understanding the need to continue on the path of fiscal responsibility, this budget includes a \$1.793B contribution to our unfunded pension liability, an increase of \$163M (10%) over FY 2014, and a commitment to fund our pension liability by 2036, four years earlier than previously planned.

The House Committee on Ways and Means FY 2015 budget strikes a balance between making targeted investments that benefit all citizens of the Commonwealth, while maintaining the strong fiscal discipline that served us well during the recession. It is our intention that this budget will provide the resources necessary as we continue toward economic stability and growth in the upcoming fiscal year.

Local Aid

The local aid distributed each fiscal year to districts and municipalities throughout the Commonwealth is an essential piece of all local budgets, and provides funding for essential

services in the realms of education and public safety, among others. The largest share of local aid is distributed by the Chapter 70 funding formula, which supports every school district in fulfilling their annual school budget. In accordance with the Local Aid Resolution reached in March, the House Committee on Ways and Means increases Chapter 70 aid by \$99.5M, to a total of \$4.4B. Additionally, this budget includes a \$25.5M increase to Unrestricted General Government Aid (UGGA), for an FY 2015 funding level of \$945.8M. The Committee further proposes additional increases in reimbursements to local school districts, providing a \$5M increase for Special Education Circuit Breaker, fully funding the mandate for another consecutive year, and a \$5M increase for Charter School Reimbursements.

- Provides \$4.4B for Chapter 70 local aid
- Provides \$945.8M for UGGA
- Provides \$257.5M for Circuit Breaker Reimbursement
- Provides \$80M for Charter School Reimbursement

Board of Library Commissioners

The Board of Library Commissioners oversees the state funding of libraries, an essential component of communities, which provide spaces for events, galleries and study centers, as well as free access to books and computers for Massachusetts residents. State funding helps sustain the Library of the Commonwealth as a resource for all Massachusetts residents, and assists local libraries and the regional Massachusetts Library System. The increased funding proposed in this budget will help libraries continue to utilize 21st century technology by providing greater access to eBooks. Further increases in funding will allow for continued access to reading materials for the visually impaired at the Talking Book programs in Watertown and Worcester.

- Provides \$9.7M for Aid to the Regional Library System
- Provides \$7.2M for State Aid to Municipal Libraries
- Provides \$2.1M for Technology and Automated Resources for Libraries
- Provides \$2.6M for the Talking Book Program of Watertown and Worcester
- Provides \$447K for the Talking Book Program of Worcester

Early Education and Care

The Department of Early Education and Care provides children with critical services necessary for supporting healthy growth and development, including child care for children referred by the Department of Children and Families and the Department of Transitional Assistance, as well as providing support for thousands of other income-eligible families throughout Massachusetts. The Committee budget proposes to increase funding for the three main child care accounts, as well as provide an additional \$7.5M for waitlist remediation, allowing the Commonwealth to continue to support as many young children and families as possible. In addition to increasing funds for these caseload accounts, this budget proposal will allow the department to maintain programs that serve and protect children, educate parents, and strengthen our communities.

- Fully funds child care for children with open cases of abuse and neglect at the Department of Children and Families at \$79.7M
- Fully funds child care for children from families referred by Department of Transitional Assistance at \$133.5M
- Funds childcare for over 35,000 children from income-eligible families in the Commonwealth at \$241.9M

Elementary and Secondary Education

The Department of Elementary and Secondary Education is charged with instilling and developing core educational values for early learners and preparing them to enter institutions of higher education and the Massachusetts workforce as adults.

In addition to local aid support, the House Committee on Ways and Means recommends important increases in key areas of education. In continuing to maintain high, meaningful standards of student evaluation, the House Committee on Ways and Means includes \$5M for funding a pilot program of PARCC, an innovative new form of student assessment which implements federal Common Core standards. Additional key increases in transportation and extended learning time further support the important needs of a diverse community of learners throughout the Commonwealth.

- Provides \$28.9M for Student and School Assessment
- Provides \$53.5M for Regional School Transportation
- Provides \$15.2M for Extended Learning Time

Higher Education

The Department of Higher Education is responsible for supporting Massachusetts students on their path towards enrolling, attending classes, and graduating from institutions of higher learning in the Commonwealth. This budget proposal seeks to make further progress toward reaching the 50/50 goal by providing new funds for the community colleges, state universities and the University of Massachusetts system. In addition, the House Committee on Ways and Means budget makes key investments in the state's Scholarship Reserve and the innovative STEM Starter Academy.

- Funds the University of Massachusetts system at \$518.8M
- Funds the State Universities at \$237.4M
- Funds the Community Colleges at \$263.7M
- Funds the Scholarship Reserve at \$91.6M
- Funds the STEM Starter Academy at \$4.8M

Judiciary

The Judiciary is responsible for upholding the rule of law in Massachusetts, while dispensing justice in a speedy, well-reasoned, and efficient manner. To assist the judiciary in this mission, the House Committee on Ways and Means budget proposal increases overall judiciary funding by \$30.7M. Included in this funding is a \$2.7M initiative to address substance abuse and mental

health issues by expanding specialty courts throughout the Commonwealth. This 3-year commitment will be launched in partnership with the Departments of Public Health, Mental Health and Veterans' Services. The implementation of this carefully coordinated approach to substance abuse reaffirms the Committee's commitment to reducing recidivism rates, and providing citizens with the rehabilitative resources necessary to lead positive and productive lives.

- Provides \$609.4M to the Trial Court
- Provides \$167.8M to the Committee for Public Counsel Services
- Provides \$12.6M to the Appeals Court
- Provides \$13M for the Massachusetts Legal Aid Corporation
- Provides \$8.4M to the Supreme Judicial Court
- Provides \$2.7M for 8 Specialty Courts

Lottery

The Massachusetts State Lottery is principally responsible for all Lottery activities within the Commonwealth of Massachusetts. The revenues generated from these activities, which include instant tickets, Keno and the Numbers Game, provide the Commonwealth with the resources necessary to deliver critical services statewide. With that in mind, this budget proposal provides the Lottery with the resources it needs to generate additional revenue for the Commonwealth.

- Provides \$82.8M for the Lottery's operations
- Provides \$8M for the Lottery advertising budget

State Administration

The agencies under the Executive Office for Administration and Finance are responsible for the internal services and procedures of the Commonwealth. These services include documentation of Massachusetts state history, upkeep of the Massachusetts State House, and procurement of the physical and technological necessities for various state agencies. The Committee recognizes the importance of investing in information technology to ensure we have the infrastructure to deliver services to our citizens and public servants. The House Committee on Ways and Means FY 2015 budget proposal empowers and supports these agencies in carrying out their operations, while remaining fiscally responsible.

- Provides \$3.8B for the Secretariat
- Provides \$95.1M for the Massachusetts Office of Information Technology
- Contributes \$63M for the Water Pollution Abatement Trust
- Contributes \$31M for Dental and Vision Benefits

Department of Transportation

The House Committee on Ways and Means recognizes the importance of public transportation in facilitating economic development and making travel easier and more accessible for consumers. Knowing that these decisions affect all citizens of the Commonwealth, this budget proposal provides MassDOT with the resources necessary to adequately maintain the

transportation system in the Commonwealth, while faithfully implementing the provisions included in last year's Transportation Finance legislation.

- Provides \$412M to MassDOT
- Provides \$136.6M to the MBTA
- Provides \$160M Transfer to MBTA Contract Assistance
- Provides \$80M to the Regional Transit Authorities

Energy and Environment

The FY 2015 budget proposal supports the mission of the six agencies under the Executive Office of Energy and Environmental Affairs to work together in protecting and promoting the natural resources of the Commonwealth while ensuring the health and safety of its residents against environmental threats. This budget proposal maintains the programs provided by the Secretariat, all of which play an important role in safeguarding the environment and public health while promoting increased energy efficiency. By preserving both the indoor and outdoor recreational assets of the Commonwealth, along with increased funding for the Massachusetts Emergency Food Assistance Program, the Committee seeks to positively impact all residents with its FY 2015 budget proposal.

- Provides \$27.2M for the Executive Office of Energy and Environment affairs to lead its six departments while supporting IT services and the Office of the Environmental Law Enforcement
- Provides \$79.2M for the Department of Conservation and Recreation to maintain the Commonwealth's vast networks of parks, watersheds, and recreational facilities
- Provides \$57M for the Department of Environmental Protection to protect the residents and natural resources of Massachusetts by reducing air, water, and land pollution through mindful regulation
- Provides 17-million meals through the Massachusetts Emergency Food Assistance Program
- Provides \$12.5M for the Department of Public Utilities to ensure the resiliency and safety of gas, electric, and steam utility services

Health and Human Services

The Executive Office of Health and Human Services is tasked with providing a number of critical services to the Commonwealth's six million residents. From providing health care to low-income citizens, guarding the Commonwealth's public health, and supporting our veterans, seniors, physical and developmentally disabled neighbors, and children, the House Committee on Ways and Means budget proposal ensures that the various agencies under the Executive Office of Health and Human Services can carry out these important services.

MassHealth

The House Committee on Ways and Means budget recommendation provides \$13.4B for MassHealth programs, allowing MassHealth to deliver health care services to 1.6 million enrollees

- Provides \$1.7B investment to provide coverage for 345,000 newly eligible members under the Affordable Care Act
- Provides \$210M for the Delivery System Transformative Initiatives
- Provides \$207M for the Children's Behavioral Health Initiative
- Provides \$112M investment for hospitals and managed care plans

Department of Youth Services

In September 2013, the Raise the Age bill granted youths who committed crimes when they were younger than 18 an additional year to benefit from the rehabilitative services of the Department of Youth Services. Using a comprehensive continuum of care that places an emphasis on education, mental health, social skills, and community ties, the Department works to improve outcomes for juvenile offenders. The House Committee on Ways and Means budget proposal supports the effort to provide troubled youth with opportunities for successful futures by investing \$15.7M to provide the Department with the necessary resources to serve the increased number of youths in its custody and care. With this commitment, the Department of Youth Services will be able to continue to protect the public and foster positive change in youth.

- Provides \$118.1M for Committed Residential Youth
- Provides \$26M for Pre-Trial Detention Programs for Youth
- Provides \$22.6M for Community-based programs for Nonresidential Youth
- Provides \$3.1M for Enhanced Teacher Salaries
- Provides \$2.1M for the Alternative Lockup Program

Department of Children and Families

Recognizing the considerable difficulties faced by the Department of Children and Families as it works to both protect children from abuse and neglect, and to strengthen families, the House Committee on Ways and Means budget proposal commits \$32.6M to address these hardships. The House Committee on Ways and Means budget proposal reduces the maximum number of cases for which any caseworker may be responsible from 18 to 15. The proposed funding level will allow the Department to cap the number of children for which any caseworker may be responsible at 28, no more than 10 of which shall be in out-of-home placement. This proposal also devotes \$3.8M to increase foster care reimbursement rates, as well as ensure that foster parents and guardians are well-equipped to handle the vulnerable children in their homes. Further acknowledging the importance of assisting families *before* they reach the courts, this budget invests an additional \$3M to open seven additional Family Resource Centers throughout the Commonwealth. These community-based centers serve as central locations at which families can seek preventative assistance for a multitude of concerns, including substance abuse, poverty, mental illness, and child abuse and neglect. By providing children and families with the support needed to thrive, this budget reaffirms the House's commitment to building healthier, safer, more successful families.

- Provides \$74.6M to reduce Caseworker: Supervisor ratios, and increase oversight
- Provides \$180.4M to reduce Caseload: Caseworker ratios from 18:1 to 15:1
- Provides \$265.4M for Foster Care, Stabilization, Reunification and Permanency Services

- Provides \$216.4M for Youth in Residential and Group Homes
- Provides \$3.8M to increase Foster Care Reimbursement Rates
- Provides \$3M to ensure that out-of-home placements are reviewed every six months
- Provides \$3M to fund 7 new Family Resource Centers throughout the Commonwealth

Department of Transitional Assistance

The Department of Transitional Assistance is committed to providing support and assistance to low income residents of the Commonwealth. Through its services, the department offers food and nutritional assistance, as well as employment services and cash benefit programs to aid in improving financial stability. The ultimate goal of the department is to assist individuals and families on the path to becoming economically self-sufficient. While the economic picture has improved and general caseload has reduced, this budget proposal seeks to preserve an appropriate level of services for those in need.

- Provides \$251M for TAFDC Grant Payments, which provides cash assistance to eligible families in need
- Provides \$87.6M for the Emergency Aid to the Elderly, Disabled and Children program
- Provides \$9.2M for the Teen Structured Settings Program, which assists low income teen parents in the Commonwealth
- Provides \$5M for the Employment Services program, which provides job training services for those receiving benefits through TAFDC grants

Department of Mental Health

The House Committee on Ways and Means FY 2015 budget proposal supports the programs administered by the Department of Mental Health which serve approximately 21,000 adults and children in Massachusetts with severe and persistent mental illness, with a focus on recovery and community support. Along with providing inpatient services to ten-percent of its consumers, a large portion of the department's funding serves the ninety-percent of consumers receiving their services in the community. This year's budget proposal supports these services for both children and adults, while also providing statewide homelessness and forensic mental health services for the Commonwealth.

- Provides \$361.4M for Adult Community Mental Health Services
- Provides \$87.4M for Child and Adolescent Mental Health Services, including \$3.1M for the Massachusetts Child Psychiatry Access Project
- Provides \$36.4M for Acute Inpatient and Emergency Programs
- Provides \$181.4M for State Psychiatric Hospitals and Community Mental Health Centers, maintaining funding for the operation of 45 beds at Taunton State Hospital

Department of Developmental Services

Working towards the goal of full and meaningful participation in the community, the Department of Developmental Services provides services to approximately 32,000 adults and children in Massachusetts with intellectual disabilities. The FY 2015 budget proposal supports both state

and vendor operated residential services for individuals living in the community, along with residential facilities for those who receive additional support. Understanding the benefits of individuals remaining in the home, the Committee proposes to increase funding for adult family supports, which is estimated to serve an additional 1,447 clients in FY 2015, while maintaining funding for the Children's Autism Medicaid Waiver and community based adult day and work programs.

- Provides \$1.01B for Vendor Operated Residential Services
- Provides \$173.6M for Community Based Adult Day and Work Programs
- Provides \$1M for a Community Based Employment Pilot Program
- Provides \$54.9M for Adult Family Supports that will allow an additional 1,447 additional clients to remain in the home
- Provides \$5.6M for Autism Support Services, maintaining \$4M for the Children's Autism Medicaid Waiver
- Maintains funding for the FY 2015 Turning-22 class at \$6.5M

Department of Public Health

The goal of the Department of Public Health is to ensure optimal health for citizens of the Commonwealth. It safeguards access to high quality public health and health care through its diverse range of services. The policies and programs developed and implemented by the department have allowed Massachusetts to maintain its status as one of the healthiest states in the nation. House Committee on Ways and Means is devoted to preserving this title by continuing investments in this department and by expanding its Substance Abuse services to combat the rising prevalence of opiate abuse. The Committee is intensifying its efforts to provide Narcan to First Responders and Bystanders through the expansion of pilot programs, increasing beds for the civilly committed under Section 35, and ensuring that the resources are available to faithfully implement the provisions of the Prescription Monitoring Program.

- Provides \$89.4M for the Bureau of Substance Abuse services, including:
 - \$5.5M investment to maintain services previously provided through the Substance Abuse Trust Fund and expand Section 35 beds
 - \$500K for voluntary training and accreditation programs for Sober Homes
- Invests \$815K in the expansion of the Nasal Narcan First Responder and Bystander pilot program
- Provides \$3.7M in resources to support the extensive IT system needs for implementation of the Prescription Monitoring Program
- Provides \$2M for the Secure Treatment Facilities for Opiate Addiction, which offers two jail diversion programs for nonviolent offenders with an opiate addiction
- Provides \$3.5M for the Sexual Assault Nurse Examiner Program (SANE) and Pediatric SANE Programs, which delivers medical care and forensic evidence collection for victims of sexual assault
- Provides \$5.7M for Domestic Violence and Sexual Assault Prevention and Treatment, which includes rape crisis centers, refugee and immigrant safety and empowerment (RISE) programs, and LGBTQ outreach

- Provides \$14M for the State Laboratory and Communicable Disease Control Services, including \$1M for a study that will examine the feasibility of a new state public health laboratory facility at the Lemuel Shattuck Hospital campus

Department of Elder Affairs

The services provided by the Department of Elder Affairs equip seniors of the Commonwealth with the tools and resources necessary to remain independent and connected to their communities. The department administers valuable programs through local Councils on Aging and Aging Services Access Points that include home care and caregiver support, nutrition programs, protective services, and health and wellness services. The Committee recognizes the instrumental nature of these services, and proposes to provide a significant investment of \$17M in FY 2015, thereby enabling the department to increase Supportive Housing sites, add an extra hour of homemaker services in Purchased Services, eliminate the waitlist for the Enhanced Home Care Services program, and fully restore the Service Incentive Grants.

- Provides \$63M to the Elder Home Care Services Program, eliminating the waitlist for these services and allowing more elders to stay in their homes and communities
- Provides \$5.4M to the Supportive Senior Housing Program, expanding supportive housing sites from 31 to 41
- Provides \$104.4M to the Elder Home Care Purchased Services program, allowing for an extra hour of homemaker services each month per elder
- Provides \$11.5M to the Grants to Councils on Aging, fully restoring Service Incentive Grants to the 2009 level

Housing and Community Development

The unprecedented number of homeless families in the Commonwealth has resulted in a strain on the current homelessness system. During this period of insufficient affordable housing and harsh economic times, the House Committee on Ways and Means is committed to improving the quality of life for families and individuals in the Commonwealth struggling to stabilize their housing situation. The FY 2015 House Committee on Ways and Means budget proposal supports the mission of the Department of Housing and Community Development by providing increased funding for a number of homelessness prevention programs. Through the creation of additional rental vouchers and flexible household assistance, the budget proposal seeks to prevent at-risk families and households with expired HomeBASE Rental Assistance from falling back into Emergency Assistance Shelters. For those families that do require the safety net of emergency shelter, this budget proposal supports the congregate bed expansion investment made in FY 2014.

- Provides \$120.1M for Emergency Assistance Family Shelters and Services
- Provides \$60.5M for the Massachusetts Rental Voucher Program
- Provides \$42.2M for Homeless Individuals Assistance
- Provides \$26M for the HomeBASE Household Assistance Program
- Provides \$15M for Emergency Assistance Overflow – Hotels and Motels
- Provides \$10.5M for the Residential Assistance for Families in Transition Program

- Provides \$5.1M for the Rental Subsidy Program for Department of Mental Health Clients
- Provides \$500K for the Secure Jobs Initiative

Labor and Workforce Development

As we continue to move past the Great Recession, it is essential that we dedicate resources to redeveloping our workforce and repositioning the Commonwealth to adapt to the labor needs of the future. Through its various programs, the Office of Labor and Workforce Development has worked to address the challenges facing the Commonwealth by providing support and training which help individuals maintain economic stability and work toward securing stable employment. The House Committee on Ways and Means budget provides the Office of Labor and Workforce Development with the resources it needs to address employment obstacles and rebuild Massachusetts' workforce.

- Provides \$8M for Youth-at-Risk Summer Jobs
- Provides \$4.3M for One-Stop Career Centers
- Provides \$2M for the Massachusetts Manufacturing Extension Partnership

Economic Development

During a time of recession and sequestration, the Commonwealth has not only maintained steady economic growth, but has also surpassed national averages in areas of economic output. The Office of Business Development provides information related to financing and investment opportunities, as well as provides referral services to Massachusetts businesses across a gamut of industries. The House Committee on Ways and Means FY 2015 budget proposal supports the Massachusetts Office of Business Development's mission to foster sustainable, long-term economic development.

Additionally, the House Committee on Ways and Means supports the Massachusetts Office of Travel and Tourism in its endeavors to attract in-state and out-of-state tourists to the Commonwealth's cities and towns. The Committee budget proposal provides funds to the various Regional Tourist Councils, allowing them to maintain and promote the variety of historical and cultural attractions throughout Massachusetts.

- Provides \$1.7M for the Massachusetts Office of Business Development
- Provides \$1.2M for the Small Business Development Center at the University of Massachusetts Amherst
- Provides \$5.9M for the Massachusetts Office of Travel and Tourism
- Provides \$2M for the 16 Regional Tourist Councils
- Provides \$114K for the Massachusetts International Trade Council

Consumer Affairs and Business Regulation

Seeking to uphold the principles of equitable business practices and consumer protection, the House Committee on Ways and Means FY 2015 budget proposal supports the services provided by the Office of Consumer Affairs and Business Regulation and its five related

divisions. The Office and its five divisions administer a number of advocacy and instructional programs that address consumer rights, and enable consumers to identify and avoid potential risks associated with unfair business practices.

- Provides \$19M for the Division of Banks
- Provides \$14.6M for the Division of Insurance
- Provides \$3.2M for the Division of Professional Licensure
- Provides \$3M for the Department of Telecommunications and Cable
- Provides \$2M for the Division of Standards
- Provides \$838K for the Office of Consumer Affairs and Business Regulation

Veterans' Affairs

Massachusetts remains a steadfast supporter of the men and women who have served our state and our nation. The House Committee on Ways and Means recognizes the sacrifice our veterans and their families have made in the protection of this country and its citizens, bearing in mind the unique challenges many face upon returning home. As more and more soldiers return home to Massachusetts after having served abroad, the House Committee on Ways and Means FY 2015 budget proposal continues to provide strong support to the core programs that provide assistance to those who have done so much to keep us safe.

- Provides \$74.6M for Veterans' Benefit Payments
- Provides a combined \$50.7M for Soldiers' Homes in Holyoke and Chelsea
- Provides \$5.1M for Veterans' Homeless Shelters
- Provides \$2.4M for Veterans' Outreach programs
- Provides \$1.7M for the state veterans' cemeteries in Agawam and Winchendon

Public Safety and Security

The various agencies within the public safety umbrella provide a range of services to ensure the safety of the Commonwealth and its residents. These services include, but are not limited to, the enforcement of laws and statutes, inspections, investigations, corrections, and the training of individuals providing the services. The FY 2015 House Committee on Ways and Means budget proposal provides adequate funding for all the executive agencies and sheriffs' departments to maintain vital services, and in some cases, expand upon their current capabilities.

- Provides \$579.7M for the Department of Corrections
- Provides \$556.6M for the fourteen Sheriff's Departments
- Provides \$285.7M for the Department of State Police, including \$600K to begin recruitment for the next class of troopers
- Provides \$19.3M for the Parole Board
- Provides \$16.1M for the Military Division
- Provides \$12.1M for the Office of the Chief Medical Examiner
- Provides \$5.5M to the Municipal Police Training Committee